

House State Administration Committee
March 6, 2013
SB 12, Testimony in Opposition

Creates redundancy: The plan is operated as a proprietary fund, the legislature approves the rate -the state share, currently \$733 a month; the expenditure side of the health plan is reviewed during the rate approval process. Legislative committees see the charts, graphs, and spreadsheets showing income, expenditures and issues facing the plan. A change in the rate typically occurs in the Pay Bill, HB 13

Plan income is employee and retiree money: About 72% is the state share-employee compensation, which once appropriated to each agency and processed through payroll is payment to the employee and entrusted to the Department to operate the Plan, the rest is employee paid premium to cover dependents (\$14m) and retires premiums (\$19.5M)

Sufficient legislative oversight: Current law provides a proper mix of policy and tools for the Department to administer the plan responsibly. The plan is subject to audit and fiscal analysis processes. The advisory council has a legislative representative. The plan follows all accounting, reporting, purchasing and other government practices.

Minimize politics: Opening the plan expenditures to the appropriations process presents the legislature with a no win scenario. You are politicians who must react to and try to satisfy a variety of petitioners, not only must employees be satisfied, there is a long list of professions and businesses that want a piece of the health care spend. Ultimately the state plan must be allowed to make business decisions and not be hampered by decisions made in a political process. My advice is to focus only on the employee compensation aspect of the plan and not be concerned with how employees choose or are forced to spend their benefit dollars because of sickness or injury.

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